

**MINUTES OF THE COUNCIL MEETING OF WITZENBERG MUNICIPALITY, HELD IN TOWN HALL,
VOORTREKKER STREET, CERES ON WEDNESDAY, 25 MARCH 2020 AT 10:00**

PRESENT

Alderman TT Godden (Speaker)
Councillor BC Klaasen (Executive Mayor)
Alderman K Adams (Deputy Executive Mayor)
Councillor TE Abrahams
Councillor P Daniels (Regarded as in attendance in terms of Council resolution)
Councillor P Heradien
Councillor D Kinnear (Regarded as in attendance in terms of Council resolution)
Councillor C Lottering
Councillor TP Mgoboza
Councillor ZS Mzauziwa-Mdishwa
Councillor MJ Ndaba
Councillor N Phatsoane
Alderslady JT Phungula
Alderman JW Schuurman
Councillor EM Sidego
Councillor RJ Simpson
Alderman HJ Smit
Councillor D Swart
Alderman JJ Visagie

Officials

Mr D Nasson (Municipal Manager)
Mr J Barnard (Director: Technical Services)
Mr M Mpeluza (Director: Corporate Services)
Mr A Raubenheimer (Acting Director: Finance)
Mr G Louw (Head: Internal Audit)
Ms L Nieuwenhuis (Manager: Legal Services)
Mr A Hofmeester (IDP Manager)
Mr CG Wessels (Manager: Administration)
Mr CJ Titus (Committee Clerk)
Ms MJ Prins (Acting Principal Administrative Officer)
Ms M Badela (Interpreter)

8. GERESERVEERDE BEVOEGDHEDE / RESERVED POWERS

8.1 Direktooraat Finansies / Directorate Finance

8.1.1 Finance: Draft Budget, Draft Review and Amendments to IDP 2017 - 2022 and Draft Top Layer SDBIP: 2020/2021
(5/1/1/19; 2/2/1 & 5/1/5/13)

The following memorandum, dated 18 March 2020, was received from the Acting Director: Finance:

"1. Purpose

The purpose of this report is to table the 2020/2021 Draft Budget, Draft Review and Amendments to the IDP 2017 - 2022 and Draft Top Layer SDBIP for consideration to Council.

2. Legal framework

Section 16 - 18 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) stipulates as follows:

'Annual budgets

16. (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.
- (2) **In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.**
- (3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.'

'Contents of annual budgets and supporting documents

17. (1) An annual budget of a municipality must be a schedule in the prescribed format –
- (a) setting out realistically anticipated revenue for the budget year from each revenue source;
 - (b) appropriating expenditure for the budget year under the different votes of the municipality;
 - (c) setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;
 - (d) setting out –
 - (i) estimated revenue and expenditure by vote for the current year; and
 - (ii) actual revenue and expenditure by vote for the financial year preceding the current year; and
 - (e) a statement containing any other information required by section 215(3) of the Constitution or as may be prescribed.
- (2) An annual budget must generally be divided into a capital and an operating budget in accordance with international best practice, as may be prescribed.

- (3) When an annual budget is tabled in terms of Section 16 (2), it must be accompanied by the following documents:
- (a) draft resolutions –
 - (i) approving the budget of the municipality;
 - (ii) imposing any municipal tax and setting any municipal tariffs as may be required for the budget year;
 - (iii) approving the budgets for the relevant financial year of each municipal entity under the sole or shared control of the municipality; and
 - (iv) approving any other matter that may be prescribed;
 - (b) measurable performance objectives for each vote in the budget, taking into account the municipality's integrated development plan;
 - (c) a projection of cash flow for the budget year by revenue source, broken down per month;
 - (d) any proposed amendments to the municipality's integrated development plan following the annual review of the integrated development plan in terms of section 34 of the Municipal Systems Act;
 - (e) any proposed amendments to the budget-related policies of the municipality;
 - (f) particulars of the municipality's investments;
 - (g) any prescribed budget information on municipal entities under the sole or shared control of the municipality;
 - (h) particulars of all proposed new municipal entities which the municipality intends to establish or in which the municipality intends to participate;
 - (i) particulars of any proposed service delivery agreements, including material amendments to existing service delivery agreements;
 - (j) particulars of any proposed allocations or grants by the municipality to –
 - (i) other municipalities;
 - (ii) any municipal entities and other external mechanisms assisting the municipality in the exercise of its functions or powers;
 - (iii) any other organs of state;
 - (iv) any organisations or bodies referred to in section 67(1);
 - (k) the proposed cost to the municipality for the budget year of the salary, allowances and benefits of –
 - (i) each political office-bearer of the municipality;
 - (ii) councillors of the municipality; and
 - (iii) the municipal manager, the chief financial officer, each senior manager of the municipality and any other official of the municipality at a remuneration package at least equal to that of a senior manager;
 - (l) the proposed cost for the budget year to a municipal entity under the sole or shared control of the municipality of the salary, allowances and benefits of –
 - (i) each member of the entity's board of directors; and
 - (ii) the chief executive officer and each senior manager of the entity; and
 - (m) any other supporting documentation as may be prescribed.'

'Funding of expenditures

18. (1) An annual budget may only be funded from –
- (a) realistically anticipated revenues to be collected;
 - (b) cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and
 - (c) borrowed funds, but only for the capital budget referred to in section 17 (2).
- (2) Revenue projections in the budget must be realistic, taking into account –
- (a) projected revenue for the current year based on collection levels to date; and
 - (b) actual revenue collected in previous financial years.'

The following documents are attached:

- (a) Draft Top Layer SDBIP for 2020/2021: **Annexure 8.1.1(a)**.
- (b) Draft Review and Amendments to IDP 2017 – 2022: **Annexure 8.1.1(b)**.
- (c) Draft Budget: 2020/2021 – 2022/2023: **Annexure 8.1.1(c)**.
- (d) Draft Budget Related Policies: 2020/2021: **Annexure 8.1.1(d)**.
- (e) Draft Budget Schedules: 2020/2021 – 2022/2023: **Annexure 8.1.1(e)**.
- (f) Procurement Plan: 2020/2021: **Annexure 8.1.1(f)**.

UNANIMOUSLY RESOLVED

- (a) *that Council takes notice of the Draft Budget, the Draft Review and Amendments to the IDP 2017 - 2022 and the Draft Top Layer SDBIP of the Witzenberg Municipality for the financial year 2020/2021 and the indicative budget for the three years 2020/2021, 2021/2022 and 2022/2023 that have been tabled by the Executive Mayor in Council.*
- (b) *that the documents be advertised and made available at all libraries and municipal offices of Council.*
- (c) *that the public meetings, if any, be conducted in accordance with the guidelines of the National State of Disaster (COVID-19).*
- (d) *that an executive summary in the form of a pamphlet be distributed to households within the Witzenberg municipal area.*

**8.1.2 Witzenberg Annual Report and Oversight Report: 2018/2019
(5/14/2 & 9/1/1)**

The following items refer:

- (a) Item 7.2 of the MPAC meeting, held on 3 March 2020.
- (b) Item 7.3 of the MPAC meeting, held on 3 March 2020.

The Municipal Public Accounts Committee resolved per item 7.2 of 3 March 2020 to recommend to Council:

- (a) that Administration tables a full report on the Supply Chain Regulation, Section 32 matter to Council to further referral to the MEC and National Treasury.
- (b) that Council re-establishes the Task Team to address the concern of the AGSA on debt impairment and to report on progress regarding the implementation of credit control.
- (c) that Administration continues to execute the Credit Control Policy with due diligence and adherence.
- (d) that the Public Office bearers, in conjunction with Administration, should make a collective drive to the public to campaign the importance of paying for municipal services.
- (e) that Council takes note of the reliance on government grants and that Council investigates other means of revenue streams over medium to longer term.
- (f) that the Performance, Risk and Audit Committee has recommended to Council to improve the functionality of the performance management system, timeous monitoring and reviewing of the portfolios of evidence should be implemented and management should embrace the recommendations by Internal Audit and ensure continuous monitoring to address the control deficiencies.
- (g) Where Management has agreed to specific action plans these should be implemented timeously to improve the control environment and performance.
- (h) that Management improves the management of Information Communication Technology (ICT) risks.

The Municipal Public Accounts Committee resolved per item 7.3 of 3 March 2020 to recommend to Council:

that the Municipal Public Accounts Committee (MPAC), having fully considered the 2018/2019 Annual Report of the Witzenberg Municipality, recommends that Council adopts the 2018/2019 Oversight Report and approves the 2018/2019 Annual Report without reservation.

The following memorandum, dated 18 March 2020, was received from the Municipal Manager:

"Purpose

The purpose of this report is to submit the Annual Report and Oversight Report for 2018/2019 to Council for consideration.

Legislature framework

In terms of Section 127 (2) of the Municipal Finance Management Act (Act 56 of 2003), the Mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control.

Section 129 to 131 of the Municipal Finance Management Act (Act 56 of 2003) states as follows:

129. Oversight reports on annual reports.

(1) The council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report, which must include a statement whether the council—

- (a) has approved the annual report with or without reservations;
- (b) has rejected the annual report; or
- (c) has referred the annual report back for revision of those components that can be revised.

(2) The accounting officer must—

- (a) attend council and council committee meetings where the annual report is discussed, for the purpose of responding to questions concerning the report; and
- (b) submit copies of the minutes of those meetings to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province.

(3) The accounting officer must in accordance with section 21A of the Municipal Systems Act make public an oversight report referred to in subsection (1) within seven days of its adoption.

(4) The National Treasury may issue guidelines on—

- (a) the manner in which municipal councils should consider annual reports and conduct public hearings; and
- (b) the functioning and composition of any public accounts or oversight committees established by the council to assist it to consider an annual report.

(5) No guidelines issued in terms of subsection (4) are binding on a municipal council unless adopted by the council.

(6) This section, with the necessary modifications as the context may require, is also applicable if only components of the annual report were tabled in terms of section 127 (3).

130. Council meetings open to public and certain public officials.

(1) The meetings of a municipal council at which an annual report is to be discussed or at which decisions concerning an annual report are to be taken, must be open to the public and any organs of state, and a reasonable time must be allowed—

- (a) for the discussion of any written submissions received from the local community or organs of state on the annual report; and
- (b) for members of the local community or any organs of state to address the council.

(2) Representatives of the Auditor-General are entitled to attend, and to speak at, any council meeting referred to in subsection (1).

(3) This section, with the necessary modifications as the context may require, is also applicable if only components of the annual report were tabled in terms of section 127 (3).

131. Issues raised by Auditor-General in audit reports.

(1) A municipality must address any issues raised by the Auditor-General in an audit report. The mayor of a municipality must ensure compliance by the municipality with this subsection.

(2) The MEC for local government in the province must—

- (a) assess all annual financial statements of municipalities in the province, the audit reports on such statements and any responses of municipalities to such audit reports, and determine whether municipalities have adequately addressed any issues raised by the Auditor-General in audit reports; and
- (b) report to the provincial legislature any omission by a municipality to adequately address those issues within 60 days.'

Discussion

The Draft Annual Report for 2018/2019 was tabled to Council on 28 January 2020.

Council unanimously resolved per item 8.1.7 of 28 January 2020:

- (a) That cognisance be taken of the Draft Witzenberg Municipality Annual Report for 2018/2019.
- (b) That a public participation process be followed as prescribed by law.
- (c) That the Municipal Public Accounts Committee compiles an oversight report on the Draft Annual Report as per its delegated powers.

The following reports are attached:

- (a) Annual Report for 2018/2019: **Annexure 8.1.2(a).**
- (b) Oversight Report for 2018/2019: **Annexure 8.1.2(b)."**

UNANIMOUSLY RESOLVED

- (a) *that, having fully considered the 2018/2019 Annual Report of the Witzenberg Municipality, Council adopts the 2018/2019 Oversight Report and approves the 2018/2019 Annual Report without reservations.*
- (b) *that notice be taken of the recommendations of the Municipal Public Accounts Committee and that same be accepted and implemented.*
- (c) *that notice be taken of the recommendations of the Performance, Risk and Audit Committee highlighted by the Municipal Public Accounts Committee.*